

## **Municipal Advisory Group Resolution 2006-05**

A Resolution supporting the removal of A.S. §43.56 Oil Tax Concessions that specifically target taxes presently being collected by the City of Valdez

- A. Whereas, the intent of the Stranded Gas Development Act is to provide for a mechanism for achieving the fiscal certainty that potential project sponsors indicate they need before proceeding with the large investment needed to bring Alaska North Slope gas to market; and
- B. Whereas, the proposed contract between Governor Murkowski and the producers under the Stranded Gas Development Act has now been released in full; and
- C. Whereas, the proposed contract provides significant changes in the present taxation of oil property currently taxed in Alaska; and
- D. Whereas, the Stranded Gas Development Act specifically states, in A.S. §43.82.010(1), “encourage new investment to develop the state’s stranded gas resources by authorizing establishment of fiscal terms related to that new investment without significantly altering tax and royalty methodologies and rates on existing oil and gas infrastructure and production”; and
- E. Whereas, the proposed contract makes numerous references to taxation by the City of Valdez of vessels in excess of 95 feet. Two of the participants in the gas contract have entered into settlement agreements with the City of Valdez regarding the taxes paid on their vessels over 95 feet and one has appealed a Superior Court ruling on this case to the Alaska Supreme Court; and
- F. Whereas, the Stranded Gas Development Act specifically precludes in A.S. §43.82.010 this sort of interference with non-gas related taxation.

NOW, THEREFORE, be it resolved by the Municipal Advisory Group that:

1. All reference in the proposed contract making reference to the City of Valdez ordinance related to personal property tax on vessels over 95 feet be stricken in its entirety from the proposed gas contract.